



The President's Daily Brief

October 24, 1974

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FOR THE PRESIDENT ONLY

LATE ITEM

South Vietnamese President Thieu has ousted four cabinet members in response to rising political dissent. Those fired include the President's cousin, Information Minister Hoang Duc Nha, who has been one of his closest advisers.

The removal of Nha is a ploy to mollify critics of Saigon's enforcement of press restrictions. Nha, as information minister, has been the government's chief censor.

The other three cabinet members headed the ministries of finance, trade and industry, and agriculture. Their resignations were obtained by Thieu to help dampen criticism of the government's handling of the economy.

There was no announcement of a new assignment for Nha, but he is unlikely to lose his influence and access to Thieu.

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TURKEY-GREECE

The Greek-Turkish dispute over oil rights in the Aegean could be rekindled as a result of Ankara's decision to move ahead with oil exploration in the area.

The Turks have announced that contracts have been signed with Norwegian and Danish companies to conduct seismic surveys in the Aegean. The exploration is expected to begin by late November. Ankara also has concluded an agreement with a US consortium for seismic research and exploratory drilling, but the Turks reportedly want to keep this latter agreement quiet for now, according to the US embassy.

The Turkish announcement of the contracts with the Scandinavian companies comes at an awkward time for Greek Prime Minister Karamanlis; problems with Turkey over Cyprus are already a hot issue in the Greek election campaign.

Although the Turkish action seems likely to spark renewed Greek protests, a direct confrontation over the issue does not seem to be in the cards at this time.

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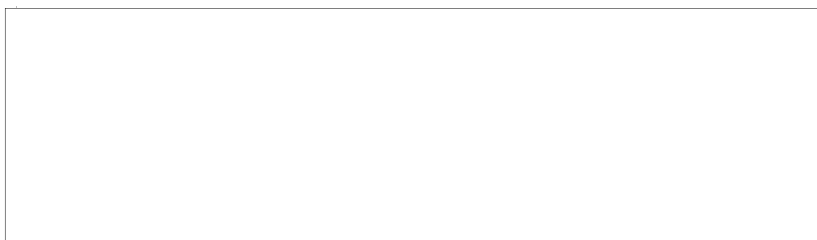
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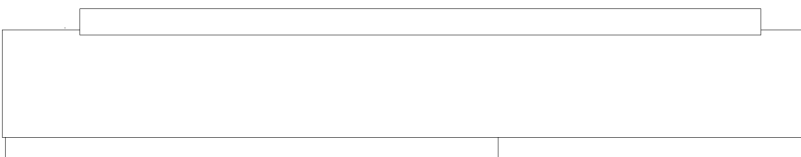
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GREECE

The arrest of former president Papadopoulos and four of his close associates is designed to satisfy public demands that leaders of the military junta be punished. This has become a major election issue, and Prime Minister Karamanlis has been criticized for not breaking decisively with the past. The move should increase his standing among all groups except the extreme right.



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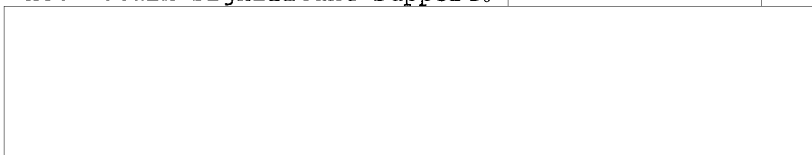


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The arrest of Papadopoulos is not likely to bring a strong reaction from the army, where he does not retain significant support.

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CHINA

The Chinese have sharply reduced their scheduled grain imports for 1974, with most of the impact falling on US shipments. Growing conditions for the important fall crop, beginning to be harvested, have been good, and the Chinese now claim their grain production this year will surpass the 1973 level of 250 million tons. Erratic weather early in the year probably led the Chinese to overbuy grain at midyear, when wheat prices appeared to be softening.

A contract for 600,000 tons of US soybeans has been canceled. Three contracts for US wheat and shipment of 500,000 tons of Canadian wheat will be deferred until 1975. We have reduced our earlier estimates of Chinese grain imports in 1974 by about 1.8 million tons and now estimate that China will import some 7.6 million tons of grain in 1974 and 7.1 million tons in 1975.

Contaminated cargoes and dock strikes in Canada also contributed to the reductions.

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VENEZUELA

Reports of large oil discoveries in Mexico are spurring Venezuela to develop new petroleum markets, despite official statements from Caracas stressing the noncompetitiveness of the Mexican oil find.

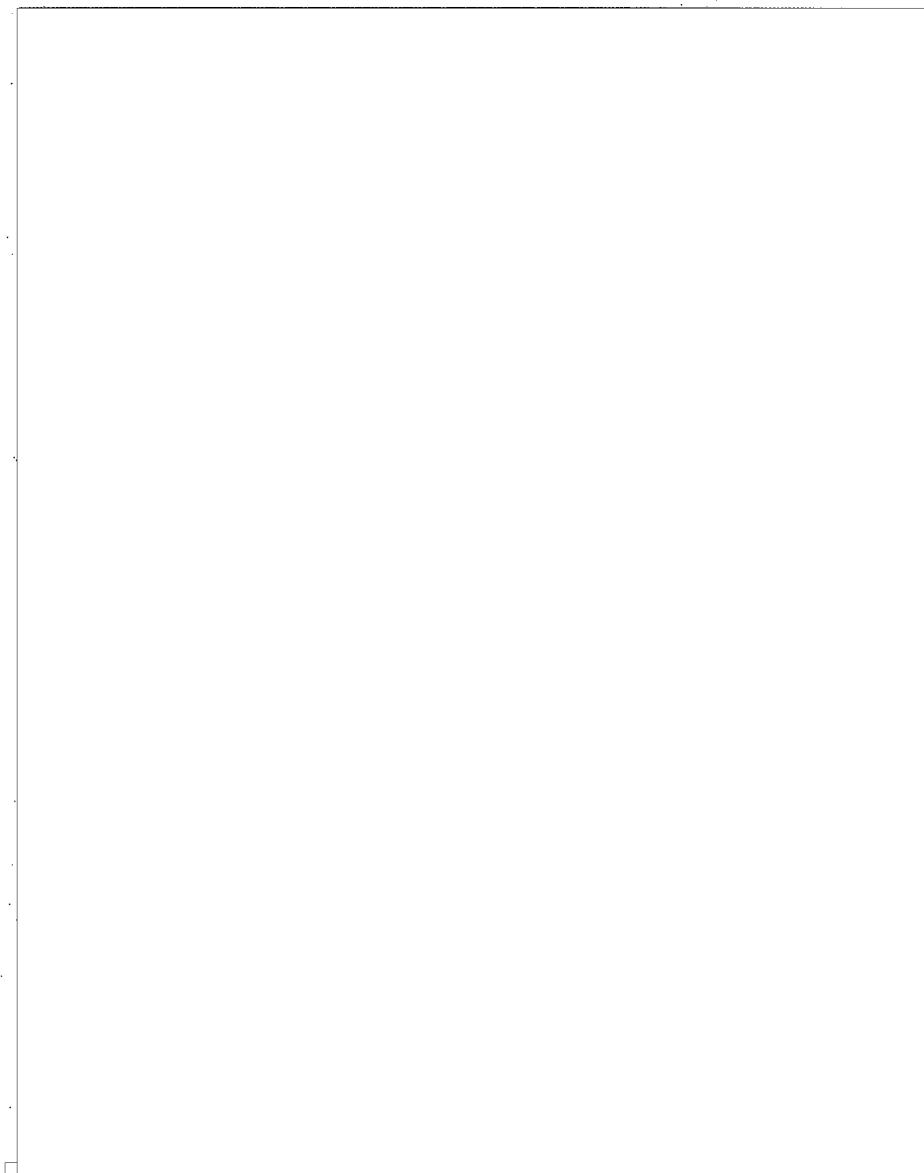
Venezuela is offering to supply the Japanese with 400,000 to 500,000 barrels of oil per day

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Official trade missions leaving soon for Europe, Africa, and the Far East also will be looking for new oil markets.

Such markets would enable Caracas to lessen its dependence on oil sales to the US. In a recent speech, President Perez emphasized the high priority he gives to diversifying Venezuela's markets. In an allusion to the US, he noted that his administration was going to "affirm its economic independence by eliminating all dependence on a single country--no matter how powerful."

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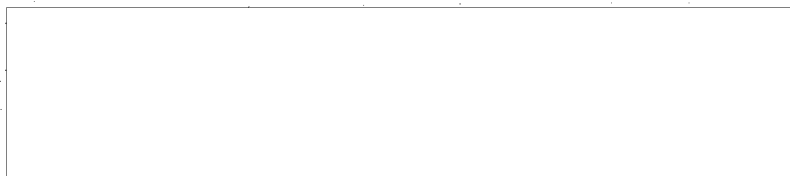
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PERU-CHILE



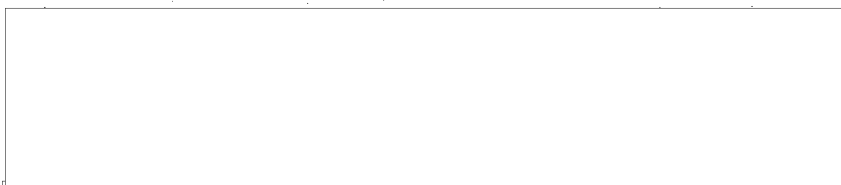
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NOTES

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Saudi Arabia: We now expect Saudi Arabia to run up oil revenues of more than \$17 billion in the second half of 1974, more than double the revenues of the first half and ten times the value of expected imports. The Saudis will accumulate a current account surplus of more than \$15 billion in the second half, compared with nearly \$6 billion in the first. Saudi investment in the US--mainly in the form of US government securities, bank deposits, and equity shares--was six times as great at the end of the third quarter as at the end of the second quarter. Growing concern over the ability of the Eurodollar market to absorb additional petrodollars will stimulate an even greater flow into the US during the fourth quarter.

Arab Aid: Arab oil-producing countries have started to disburse low-cost aid under an "Arab Fund for Africa" that was set up in January to assist African countries in meeting higher oil costs. The fund has \$200 million worth of capital. Uganda, the first recipient, recently was given a \$5.65-million credit, about half of its proposed allocation. Tanzania and Liberia have signed agreements to begin drawing on their shares of the fund. African leaders complain that the fund has been too slow in getting under way and is too small. An "Arab Bank for Agricultural and Industrial Development in Africa," a companion institution with about the same capital as the fund, is still being formed.

Norway: Norway will not seek full membership in the emergency oil-sharing program developed by the 12-nation Energy Coordinating Group. Instead, it will seek associate status in hopes of avoiding a national debate on the issue while maintaining solidarity with the West. Norway's position as a potential energy exporter had threatened to turn the issue of energy sharing into a divisive dispute similar to that over EC membership in 1972. Foreign Minister Frydenlund is expected to announce Norway's final decision on the question in a speech before parliament on November 1.

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USSR:

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USSR - South Yemen: The Soviets may have increased their military commitment to South Yemen as a way of shoring up Moscow's position there.

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Israel: Civilian construction has fallen sharply in Israel since summer, when the government introduced new austerity measures to slow inflation and redress the country's trade imbalance. Military and essential civilian construction, such as immigrant housing and development of new areas, however, is proceeding apace. Work at almost all other public construction projects has stopped, and a government committee will determine which projects will be allowed to continue.

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